

Asian Development Bank & Nauru

FACT SHEET

Table 1. Nauru: 2013 Loan, Technical Assistance, and Grant Approvals (\$ million)^a

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
–	–	0.50	–	0.50

– = nil.

^a Excludes cofinancing.

Table 2. Nauru: Cumulative Lending, and Grants Financed by ADB Special Funds, By Sector (1966–2013)^a

Sector	No.	Total Amount	
		(\$ million)	% ^b
Finance	1	5.00	55.56
Public Sector Management	1	4.00	44.44
Total	2	9.00	100.00

Total Disbursements \$4.3 million

^a Excludes dropped or canceled loans prior to signing. Covers both sovereign and nonsovereign loans, and grants financed by Asian Development Fund and Other Special Funds. Other Special Funds include Asian Tsunami Fund, Asia Pacific Disaster Response Fund, Climate Change Fund, and Pakistan Earthquake Fund.

^b Total may not add up because of rounding.

Since joining the Asian Development Bank (ADB) in 1991, one loan worth \$5 million, one grant for \$4 million, and nine technical assistance projects for \$2.65 million have been provided to Nauru. One technical assistance project, with financing of \$0.50 million, and one grant, totaling \$4 million are active.

Nauru faces many serious development challenges. It has almost no private sector, little arable land, limited fresh water supply, extremely high levels of debt, and limited sources of government revenue. Education outcomes are improving, but are still poor by international standards and have contributed to high rates of youth unemployment. Levels of noncommunicable diseases (i.e., diabetes and cancer) are among the highest in the world. The reopening of the Australian Regional Processing Centre for asylum seekers is providing a boost to the economy but has also given rise to challenges such as labor shortages, economic management, and logistical issues for other operations in the island.

ADB-Supported Projects and Programs

ADB, Australia, and the Pacific Financial Technical Assistance Centre (PFTAC) have supported the Government of Nauru in a major program of public financial management (PFM) reform based on a PFM action plan and a public expenditure and financial accountability assessment carried with ADB technical assistance. Following the preparation of the first ADB country operations business plan, 2012–2014 for Nauru in 2011, the ADB Board approved a \$4 million Asian Development Fund (ADF) policy-based grant in August 2012 for the Public Financial Management Reform Program, which supports PFM and state-owned enterprise (SOE) reforms. As part of this program, ADB, together with the Secretariat of the Pacific Community (SPC) and Australian Aid, are supporting the development of the first National Women’s Policy in Nauru.

ADB is supporting corporate governance reform of key SOEs in Nauru. Its technical assistance supported the introduction of a performance management system for senior management, a new accounting and asset management system, and corporatization of the Nauru Utilities Corporation. This technical assistance has led to the planned \$5 million ADF Nauru Energy Supply and Security Project, which will be cofinanced by the European Union (EU).

The Pacific Private Sector Development Initiative (PSDI), cofinanced by Australian Aid and the New Zealand Aid Programme, has provided technical assistance for an assessment of financial service needs and the subsequent development of an information memorandum to attract a foreign bank to the island. Nauru has been without a bank for more than a decade, and having a bank is expected to provide a major boost to private sector development and to living conditions on the island. In addition, PSDI is supporting the government in updating Nauru’s finance sector regulatory framework.

Table 3. Nauru: Project Success Rates

Sector	% ^a	No. of Rated Projects/ Programs
Finance	-	1
Total	-	1
Year of Approval		
1990s	-	1

- = nil.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PVRs), and project/program performance evaluation reports (PPERs) using PVR and PPER ratings in all cases where PCR and PVR/PPER ratings are available.

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2013.

Table 4. Nauru: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2012–2013

Number of Ongoing Loans (as of 31 Dec 2013)	-	
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{a,b}	-	-
Disbursements ^a	-	-
Number of Ongoing Grants (as of 31 Dec 2013)^c	1	
	2012 (\$ million)	2013 (\$ million)
Contract Awards/Commitments ^{a,b}	-	-
Disbursements ^a	2.0	-
Actual Problem Projects (%)	-	

- = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.
^b Excludes policy-based lending/grants.
^c Includes only Asian Development Fund and other ADB special funds.

ADB is supporting the government in a review of a proposed trust fund to mobilize and grow capital for development. The aim of the fund is to replicate the success stories of other Pacific trust funds, and build on lessons learned from the failed Nauru Phosphate Royalties Trust.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2013, cumulative direct value-added official cofinancing for Nauru amounted to \$0.6 million for three technical assistance projects.

Partnerships

As the key source of multilateral development assistance to Nauru, ADB closely coordinates its program of assistance with development partners, particularly with Australia, the largest bilateral aid partner for Nauru. ADB, Australia, and PFTAC conduct joint annual economic review exercises for Nauru, and are supporting the Government of Nauru in an ongoing program of public financial management reform.

In infrastructure, the multi-donor Pacific Region Infrastructure Fund, which is administered with ADB technical assistance, has assisted the government in the development of a Nauru Infrastructure Strategy and Investment Plan. The EU has agreed to cofinance the planned Nauru Energy Supply and Security project.

ADB continues to work with civil society organizations in Nauru to strengthen the effectiveness, quality, and sustainability of its services. The National Sustainable Development Strategy, 2005–2025 was developed through an extensive process of consultation. This consultative approach continues to be a feature of ADB's work in Nauru, particularly in the development of a National Women's Policy together with Australia and SPC.

Procurement

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 188,780 contracts for ADB loan projects worth \$122.11 billion. During the same period, contractors and suppliers from Nauru were involved in two contracts for ADB loan projects.

From 1 January 1966 to 31 December 2013, contractors and suppliers were involved in 8,894 contracts for ADB grant projects worth \$4.54 billion. During the same period, contractors and suppliers from Nauru were involved in four contracts for ADB grant projects worth \$1.62 million.

Table 5. Nauru: Share of Procurement Contracts

Item	2012		2013		Cumulative (as of 31 Dec 2013)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	1.62	0.02	-	0.00	1.62	0.00
Consulting Services	0.39	0.07	-	0.00	0.42	0.00

- = nil, 0.00 = less than 0.01%.

From 1 January 1966 to 31 December 2013, consultants were involved in 2,433 contracts for ADB grant projects worth \$826.5 million. During the same period, consultants from Nauru were involved in one contract for ADB grant projects worth \$0.38 million.

From 1 January 1966 to 31 December 2013, consultants were involved in 28,709 contracts for ADB technical assistance projects worth \$3.3 billion. During the same period, consultants from Nauru were involved in six contracts for ADB technical assistance projects worth \$0.05 million.

Table 6. Nauru: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2009–31 December 2013

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual consultants	4	0.04

Operational Challenges

Nauru faces many constraints because of its underlying fragility. ADB's approach in fragile countries recognizes the varying degrees of fragility, emphasizing a flexible response, a longer-term engagement, and the need for capacity development. Changes in government and senior officials are frequent, highlighting the importance of a consultative and participatory arrangement in ADB operations to obtain buy-in from various stakeholders.

Future Directions

ADB's future operation in Nauru will continue the strategic focus on public sector management and energy. A \$5 million ADF Nauru Energy Supply and Security project—cofinanced by the EU—is planned for approval in 2014. A technical assistance project for institutional strengthening of the Nauru Utility Corporation is planned for 2014, and technical assistance for strengthening implementation of the National Sustainable Development Strategy is planned for 2015. A second phase of the Public Financial Management Reform Program is planned for 2016.

ADB is continuing to support the reintroduction of banking services to Nauru through the development of a new banking act. This will enable a community bank to begin operations in Nauru in 2014.

About Nauru and ADB

ADB Membership

Joined 1991

Shareholding and Voting Power

Number of shares held:	426 (0.004% of total shares)
Votes:	39,873 (0.302% of total membership, 0.463% of total regional membership)
Overall capital subscription:	\$6.56 million
Paid-in capital subscription:	\$0.32 million

Contributions to Special Funds Resources

Nauru has contributed to the Asian Development Fund (ADF), which is ADB's window for concessional lending to its borrowing members and to the Technical Assistance Special Fund (TASF), which provides grants to borrowing members to help prepare projects and undertake technical or policy studies.

Contributions to the ADF (committed):	\$0.30 million
Contributions to the TASF (committed):	\$0.07 million

Anthony Baker is the Director and **Richard Sisson** is the Alternate Director representing Nauru on the ADB Board of Directors.

Andrea Iffland is the Regional Director of the Pacific Liaison and Coordination Office. The office was opened in 2005 and provides the primary operational link between ADB and the government, private sector, and civil society stakeholders in its activities. The office engages in policy dialogue and acts as a knowledge base on development issues in Nauru, Solomon Islands, and Vanuatu.

The Nauru government agency handling ADB affairs is the Department of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2013, lending volume was \$13.19 billion (101 projects), with TA at \$155.61 million (248 projects) and grant-financed projects at \$849.02 million (23 projects). In addition, \$6.65 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2009 to 31 December 2013, ADB's annual lending volume averaged \$12.19 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$801.70 million and \$165.66 million in TA over the same period. As of 31 December 2013, the cumulative totals excluding cofinancing were \$203.41 billion in loans for 2,629 projects in 44 countries, \$6.46 billion in 239 grants, and \$4.25 billion in TA grants, including regional TA grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
www.adb.org/publications/depositories/nau

To access a complete list of development and economic indicators, visit:

Statistics and Databases
www.adb.org/data/statistics